

Subject: Supplementary Financial Information for Budget Council

Date of Meeting: 26 February 2009

Report of: Interim Director of Finance & Resources

Contact Officer: Name: **Mark Ireland** Tel: **29-1240**
E-mail: Mark.Ireland@brighton-hove.gov.uk

Wards Affected: All

FOR GENERAL RELEASE

1. SUMMARY AND POLICY CONTEXT:

- 1.1 To update Members with further budget information that has been received since the General Fund Revenue Budget & Council Tax 2009/10 report was written for Cabinet on the 12 February 2009.
- 1.2 There is no change to the proposed increase in the city council element of the council tax, which remains at 3.5%.
- 1.3 Incorporating the Police and Fire elements of the council tax the overall increase for most residents of Brighton & Hove will be 3.6%.

2. RECOMMENDATIONS:

- 2.1 That Council use the statutory budget and the Council Tax Resolution set out in this report as the basis for moving amendments at the meeting.
- 2.2 That Council earmark any further LABGI grant for the purposes set out in paragraph 3.2.

3. RELEVANT BACKGROUND INFORMATION/CHRONOLOGY OF KEY EVENTS:

Local Authority Business Growth Incentive scheme (LABGI)

- 3.1 The government held back £100m LABGI resources of the year 3 (2007 calendar year) allocations in case of further legal challenges against the scheme. On 5 February 2009 the government announced provisional allocations of £99m with remaining £1m held as a contingency. The provisional allocation for Brighton and Hove, which is subject to the outcome of consultation and may be adjusted, is £414,072. The final announcement will be made by the government after the consultation period which ends on the 19th February.

- 3.2 It is proposed that any resources received will be allocated towards further measures to support the city during the recession and community safety initiatives. Specific proposals would be considered at a future cabinet meeting.

Update on the progress of Equal Pay negotiations

- 3.3 This Council, like every other employer, has a duty to comply with equal pay legislation. Across the UK, Local Authorities have for some years been seeking to implement all elements of the Single Status Agreement of 1997 (most particularly equal pay).
- 3.4 Over the last two years, equal pay liability has increased substantially due to legislative changes and case law (eg GMB v Allan). This is an immediate and pressing concern for the City Council.
- 3.5 The Council has been granted an Equal Pay Capitalisation Direction which enables the City Council to borrow and to re-pay over a longer period what would otherwise be a revenue cost. This must be used by the end of the financial year (31st March 2009) and there is no certainty of renewal if it is not used.
- 3.6 After a first formal offer to GMB and Unison was rejected in September 2008 negotiations with the Trade Unions continued and in December, a second (and final) offer was made as a basis to settle equal pay liability. Dialogue is ongoing and no formal response has been received at the time of writing this report.
- 3.7 The Council is proactively seeking to reach settlement with identified claimants. In law, any member of staff in the “potential claimant” group could claim up to six years back pay liability if they can successfully identify (normally) a male comparator who had been employed on “unequal” terms for the same period.
- 3.8 The final offer made to any individual employee reflects the advantages to individuals of not following lengthy litigation (saving potentially significant legal costs) as well as providing certainty over the amount that will be paid out.
- 3.9 Approximately 50% of the Council’s liability relates to schools but it is unreasonable to expect the schools budget to fund this as a one-off sum. The financing, in line with government guidance and agreed by the Schools Forum means schools will contribute to approximately half of the potential equal pay liability relating to non-teaching staff.
- 3.10 The Single Status Project Board (Chaired by Director, Strategy and Governance) meets on a weekly basis with senior management input from across Directorates. Individual settlement figures have been calculated and quality assured for those in the offer. Letters will be issued to all individuals in the offer a minimum of 10 days prior to their equal pay event. These will include their proposed offer figure and the legal elements of the process.

- 3.11 Between 17 and 31 March, 8 equal pay events are scheduled. Staff will meet with ACAS and the Unions (if they wish), and will be issued with their settlement cheques once a legal document (known as COT3) has been signed. A helpline, email address and intranet page are being set up to support employees and deal with any queries related to letters and events.
- 3.12 A communications strategy has been implemented with dedicated intranet site, single status newsletter and helpline to raise staff awareness. Briefings will be held with the unions, local press and district auditor at appropriate stages in the implementation.
- 3.13 To help employees who receive a settlement and as a responsible employer, the City Council is seeking to provide access to appropriate support and advice. Options for equal pay being considered include details of how to secure independent financial advice.
- 3.14 Any queries and claims from individuals/groups not pro-actively settled will be dealt with on their individual merits.
- 3.15 The proposed budget makes provision for both the latest estimate of back pay and a contingency for possible individual settlements. Provision has also been made for the potential impact of future pay including a contingency for successful appeals.

Fees and Charges

- 3.16 The general fund revenue budget and council tax 2009/10 report includes proposed licensing fees and charges at appendix 8. Unfortunately incorrect information has been shown against two charges, the correct charges are shown below and both propose fee increases of less than 2%.

Tattooist, ear piercing premises	Each additional piercer	£57
Body piercing, ear piercing premises	Each additional piercer	£57

2009/10 Budget

- 3.17 The Environment Agency levy has been set at £58,054 which is £1,000 less than provided for in the budget report to Cabinet on 12 February 2009. This sum has been transferred into contingency and therefore there is no impact on the net revenue budget or council tax.

Council Tax

- 3.18 The following table shows the overall council tax proposed incorporating the amounts agreed by the Sussex Police Authority and East Sussex Fire Authority.

Table 8: Council Tax			
	2009/10 Band D Council Tax	Increase on 2008/09	Percentage increase
Brighton & Hove City Council	£1,231.42	+\$41.64	+3.5%
Sussex Police Authority	£134.73	+\$6.03	+4.7%
East Sussex fire Authority	£80.08	+\$3.02	+3.9%
Total for Brighton & Hove residents	£1,446.23	+\$50.69	+3.6%

- 3.19 The Rottingdean Parish precept has remained at £27,000 for 2009/10. Residents of Rottingdean Parish will pay an additional council tax of £18.14 at Band D for Parish Council services.

Council Tax Appendices

- 3.20 Details of the additional council taxes paid by residents of Enclosure Committees for the maintenance of gardens in Hanover Crescent, Marine Square and Royal Crescent are given in appendix 12.
- 3.21 The following new council tax appendices are attached to this report:
- Appendix 10 shows the council tax for each band and for households entitled to a single person discount.
 - Appendix 11 summarises the statutory calculations required under the 1992 Local Government Act.
 - Appendix 12 shows the proposed full resolution for Budget Council.

4. CONSULTATION

- 4.1 Minutes of the meeting with Business ratepayers held on 10 February 2009 are attached at appendix 13.

SUPPORTING DOCUMENTATION

Appendices:

10. Council tax for each band for 2 or more adult households and households in receipt of 25% discount plus some council tax statistics.
11. Statutory calculations of the budget requirement and council tax required under the 1992 Local Government Act.
12. Proposed formal resolution of Budget Council on 26 February 2009.
13. Minutes of the Business Ratepayers consultation meeting held on 10 February 2009.

Documents In Members' Rooms

1. Budget Consultation Report 2009/10.

Background Documents

1. No further background documents.

Appendix 10

Band	A	A	B	C	D	E	F	G	H
	entitled to disabled relief reduction								
Ratio to Band D	0.5556	0.6667	0.7778	0.8889	1.0000	1.2222	1.4444	1.6667	2.0000

Council Tax (including Police and Fire Precepts):

2009/10	803.46	964.16	1,124.84	1,285.54	1,446.23	1,767.62	2,089.00	2,410.39	2,892.46
2008/09	775.30	930.36	1,085.42	1,240.48	1,395.54	1,705.66	2,015.78	2,325.90	2,791.08
2 or more Adults household:									
Increase £	28.16	33.80	39.42	45.06	50.69	61.96	73.22	84.49	101.38
Increase %	3.63%	3.63%	3.63%	3.63%	3.63%	3.63%	3.63%	3.63%	3.63%
Increase per week	£0.54	£0.65	£0.76	£0.87	£0.97	£1.19	£1.41	£1.62	£1.95
Increase per month	£2.35	£2.82	£3.28	£3.76	£4.22	£5.16	£6.10	£7.04	£8.45
Households in receipt of 25% discount:									
Increase £	21.12	25.35	29.56	33.80	38.02	46.47	54.92	63.37	76.04
Increase %	3.63%	3.63%	3.63%	3.63%	3.63%	3.63%	3.63%	3.63%	3.63%
Increase per week	£0.41	£0.49	£0.57	£0.65	£0.73	£0.89	£1.06	£1.22	£1.46
Increase per month	£1.76	£2.11	£2.46	£2.82	£3.17	£3.87	£4.58	£5.28	£6.34

Other Council Tax Statistics:

Chargeable Dwellings	- No.	10	23,990	26,318	30,439	17,755	10,418	4,248	2,468	127	Total	115,773
	- %	0%	21%	23%	26%	15%	9%	4%	2%	0%		
Discounts - 25%	- No.	5	14,640	12,442	10,726	5,237	2,689	885	408	10		47,042
	- %	50%	61%	47%	35%	29%	26%	21%	17%	8%		

Council Tax Benefit:

No. of properties receiving < 100% benefit (at 02-01-09)		3,349	3,270	2,912	969	330	79	19	0	Total	10,928
% of chargeable dwellings receiving < 100% benefit		14.0%	12.4%	9.6%	5.5%	3.2%	1.9%	0.8%	0.0%		9.4%
No. of properties receiving 100% benefit (at 02-01-09)		6,466	4,963	3,419	1,059	286	64	17	0		16,274
% of chargeable dwellings receiving 100% benefit		27.0%	18.9%	11.2%	6.0%	2.7%	1.5%	0.7%	0.0%		14.1%
Total % of chargeable dwellings receiving benefit		40.9%	31.3%	20.8%	11.4%	5.9%	3.4%	1.5%	0.0%		24.5%

CALCULATION OF BRIGHTON AND HOVE'S BUDGET REQUIREMENT AND COUNCIL TAX**CALCULATIONS REQUIRED UNDER THE LOCAL GOVERNMENT FINANCE ACT 1992**

S32	<u>Expenditure</u>	£	£
	Gross Revenue expenditure on Brighton and Hove services	687,649,196	
	Contingency	3,628,000	
	Levies and "County-wide" services	168,528	
	Special levies	27,276	
	Parish precept	27,000	
			691,500,000
	<u>Income</u>		
	Fees, charges and specific Government Grants	469,343,000	
	Contribution from reserves	3,104,000	
			472,447,000
	Net Budget Requirement (R)		219,053,000

S33	R = Budget requirement		219,053,000
	P =		
	Formula Grant	20,176,743	
	NNDR income	87,416,008	
	Previous year surplus/deficit	<u>-2,515,229</u>	
	Total of P		<u>105,077,522</u>
	R - P (Total Council Tax required)		113,975,478
	T = Taxbase		92,511.63
	(R-P)/T =Basic Council Tax		1,232.01

S34	(i) S34 (2)		
	B = Section 33 Calculation		1,232.01
	A = Total of Special Items (as defined in S35)		54,276
	T = Taxbase		92,511.63
	B - (A / T) = Council Tax for areas with no special items		1,231.42
	(ii) S34 (3)		
	C = Section 34 (2) calculation		1,231.42
	S =		
	Rottingdean Parish special item		27,000
	Hanover Crescent Enclosure Committee special item		6,470
	Marine Square Enclosure Committee special item		15,251
	Royal Crescent Enclosure Committee special item		5,555
	TP =		
	Rottingdean Parish taxbase		1,488.25
	Hanover Crescent Enclosure Committee taxbase		40.35
	Marine Square Enclosure Committee taxbase		78.63
	Royal Crescent Enclosure Committee taxbase		30.29
	C + (S / TP) = Council Tax for areas with special items:-		
	Rottingdean Parish		1,249.56
	Hanover Crescent Enclosure Committee		1,391.77
	Marine Square Enclosure Committee		1,425.38
	Royal Crescent Enclosure Committee		1,414.81